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NEW YORK, N.Y. 10005

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RECORDATION NO. 1674 Filed 1425

DEC 19 1978 - 8 45 AM

No. 8-353-19010

Date DEC 18 1978

Fee \$ 60.00

ICC Washington, D. C.

DEC 19 1978-8 45 AM

INTERSTATE COMMERCE COMMISSION

December 18, 1978

Scoular-Bishop Grain Company
Participation Agreement dated
as of November 15, 1978

Dear Sir:

Pursuant to Section 20c of the Interstate Commerce Act and the Commission's rules and regulations thereunder, as amended, I enclose herewith on behalf of Scoular-Bishop Grain Company for filing and recordation counterparts of the following documents:

1. Equipment Lease dated as of November 15, 1978, between First Security Bank of Utah, N.A., as Trustee, and Scoular-Bishop Grain Company, as Lessee.
2. Supplemental Indenture dated as of November 15, 1978, between First Security Bank of Utah, N.A., as Owner Trustee, and United States Trust Company of New York, as Trustee.

For the purpose of this filing, I have attached a conformed copy of the Trust Indenture to the Supplemental Indenture. A fully executed counterpart of the Trust Indenture has previously been filed with the Commission pursuant

~~SECRET~~

I.C.C.
FREE OPERATION BR.

Quem teypas
Quido zoni

to Section 20c of the Interstate Commerce Act on August 16, 1978, at 1:50 p.m. and was assigned recordation number 9644A.

The names and addresses of the parties to the aforementioned Agreements are as follows:

(1) Trustee--Indenture Trustee--Mortgagee:

United States Trust Company of New York,
130 John Street,
New York, N. Y. 10038

(2) Trustee--Owner Trustee--Lessor--Mortgagor:

First Security Bank of Utah, N.A.,
79 South Main Street,
Salt Lake City, Utah 84111.

(3) Lessee:

Scoular-Bishop Grain Company,
Embassy Plaza Building, Suite 200,
Omaha, Nebraska 88114.

Please file and record the documents referred to in this letter and cross-index them under the names of the Trustee--Indenture Trustee--Mortgagee, the Trustee--Owner Trustee--Lessor--Mortgagor, and the Lessee.

The equipment covered by the aforementioned documents consists of the following:

Two hundred (200) 100-Ton 4,650 Cubic Foot Steel Covered Hopper Cars with Trough type hatch, Plate C (AAR Mechanical Designation: LO), bearing Scoular-Bishop Grain Company identifying numbers SCOX 1400 through SCOX 1599, both inclusive.

There is also enclosed a check for \$60 payable to the Interstate Commerce Commission, representing the fee for recording the Equipment Lease and the Supplemental Indenture with the attached Trust Indenture.

Please stamp all counterparts of the enclosed documents with your official recording stamp. You will wish to retain one copy of the instruments for your files. It is

requested that the remaining counterparts be delivered to the bearer of this letter.

Very truly yours,

A handwritten signature in dark ink, reading "Francisco D. de la Torre". The signature is fluid and cursive, with the first name "Francisco" being the most prominent.

Francisco D. de la Torre
As Agent for Scoular-Bishop
Grain Company

H. G. Homme, Jr., Esq.,
Acting Secretary,
Interstate Commerce Commission,
Washington, D.C. 20423

Encls.

13

BY HAND

Interstate Commerce Commission
Washington, D.C. 20423

12/19/78

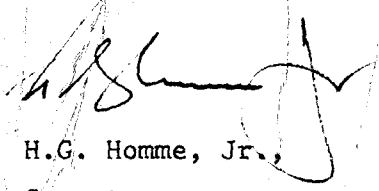
OFFICE OF THE SECRETARY

Francisco D. De La Torre
Cravath, Swaine & Moore
One Chase Manhattan Plaza
New York, New York 10005

Dear Sir:

The enclosed document(s) was recorded pursuant to the
provisions of Section 20(c) of the Interstate Commerce Act,
49 U.S.C. 20(c), on 12/19/78 at 8:45am,
and assigned recordation number(s) 9919 &

Sincerely Yours,


H.G. Homme, Jr.,
Secretary

Enclosure(s)

SE-30-T
(2/78)

THE RIGHTS OF THE LESSOR UNDER THIS EQUIPMENT LEASE AND IN ALL EQUIPMENT COVERED HEREBY HAVE BEEN ASSIGNED TO, AND ARE SUBJECT TO A SECURITY INTEREST IN FAVOR OF, UNITED STATES TRUST COMPANY OF NEW YORK, AS TRUSTEE UNDER A TRUST INDENTURE DATED AS OF OCTOBER 1, 1976, AS AMENDED AND SUPPLEMENTED. THIS EQUIPMENT LEASE HAS BEEN EXECUTED IN COUNTERPARTS. SEE SECTION 21(e) HEREOF FOR INFORMATION CONCERNING THE RIGHTS OF HOLDERS OF THE VARIOUS COUNTERPARTS.

RECORDATION NO. 1916 Filed 1425

DEC 19 1978-8 45 AM

EQUIPMENT LEASE

INTERSTATE COMMERCE COMMISSION

Dated as of November 15, 1978

between

FIRST SECURITY BANK OF UTAH, N.A.
not in its individual capacity, but
solely as trustee severally for each of
ITT Industrial Credit Company and
Northwestern National Bank of Minneapolis
under a Master Trust Agreement
dated as of October 1, 1976
between it and Itel Capital Services Corporation,
as Lessor

and

SCOLAR-BISHOP GRAIN COMPANY,
as Lessee

TABLE OF CONTENTS

<u>Section</u>	<u>Title</u>	<u>Page</u>
SECTION 1.	Definitions; Construction of References	1
SECTION 2.	Lease of Equipment	4
SECTION 3.	Term and Rent	4
SECTION 4.	Net Lease	5
SECTION 5.	Warranty of the Lessor	6
SECTION 6.	Liens	7
SECTION 7.	Taxes	7
SECTION 8.	Use, Maintenance and Operation; Equipment Marking	8
SECTION 9.	Inspection and Reports.....	10
SECTION 10.	Loss or Destruction; Requisition of Use	11
SECTION 11.	Insurance	12
SECTION 12.	Indemnification	13
SECTION 13.	Tax Indemnification	13
SECTION 14.	Voluntary Termination.....	15
SECTION 15.	Events of Default	17
SECTION 16.	Remedies	19
SECTION 17.	Return of Leased Equipment	20
SECTION 18.	Right of First Refusal	22
SECTION 19.	Notices	22
SECTION 20.	Successors, Assigns and Indemnified Parties	22
SECTION 21.	Amendments and Miscellaneous	23

EQUIPMENT LEASE

THIS EQUIPMENT LEASE dated as of November 15, 1978 (the "Lease") between FIRST SECURITY BANK OF UTAH, N.A., a national banking association not in its individual capacity, but solely as trustee severally for each of ITT Industrial Credit Company and Northwestern National Bank of Minneapolis (the "Lessor") under a Master Trust Agreement dated as of October 1, 1976 (the "Trust Agreement") between it and Itel Capital Services Corporation, and ScoularBishop Grain Company (the "Lessee").

W I T N E S S E T H :

SECTION 1. Definitions; Construction of References.

In this Lease, unless the context otherwise requires, the following terms shall have the following meanings for all purposes of this Lease:

Abatements shall have the meaning set forth in Section 4 hereof.

Appraisal shall mean a procedure whereby two independent appraisers, one chosen by the Lessee and one by the Lessor, shall mutually agree upon the amount in question. The Lessor or the Lessee, as the case may be, shall deliver a written notice to the other party appointing its appraiser within 15 days after receipt from the other party of a written notice appointing that party's appraiser. If within 15 days after appointment of the two appraisers, the two appraisers are unable to agree upon the amount in question, a third independent appraiser, shall be chosen within five days thereafter by the mutual consent of such first two appraisers or, if such first two appraisers fail to agree upon the appointment of a third appraiser, such appointment shall be made by an authorized representative of the American Arbitration Association or any organization successor thereto. The decision of the third appraiser so appointed and chosen shall be given within 10 days after the selection of such third appraiser and, upon receipt of such decision, the amount in question shall be definitively determined by averaging the respective decisions of the two appraisers whose determinations most nearly approximate one another and by disregarding the decision of the appraiser whose determination is most differentiated from the other two and, thereafter such amount shall be binding and conclusive on the Lessor and the Lessee. The Lessor and the Lessee shall pay the fees and expenses of the respective appraisers appointed by them. The fees and expenses of the third appraiser, if any, shall either (A) be added to the purchase price of the Items of Leased Equipment appraised, if such Items should be purchased by the Lessee, or (B) if such Items should not be purchased by the Lessee, be paid by the Lessee as Supplemental Rent hereunder.

Basic Rent, Supplemental Rent and Rent shall have the meanings set forth in Section 3 hereof.

Beneficiary, Rent Commencement Date, Late Payment Rate or Overdue Rate, Basic Rent Dates, First Delivery Date, Final Delivery Date, Interim Rent Date, First Basic Rent Date, Last Basic Rent Date, Expiration Date, First Termination Date, Basic Lease Rate Factor, Daily Lease Rate Factor, Equipment Marking, Period of Storage, Investment Credit Percentage, Depreciable Life, Depreciation Method, and Net Salvage Value shall have the meanings with respect to a Group of Equipment set forth in Exhibit C hereto, if, and to the extent, such terms are applicable to this Lease.

Business Day shall have the meaning set forth in the Participation Agreement.

Casualty Value and, if, and to the extent, such term is applicable to this Lease, Termination Value shall have the meanings with respect to each Group of Equipment set forth in Exhibit D hereto.

Certificate of Acceptance shall mean a certificate substantially in the form of Exhibit B hereto.

Claims shall have the meaning set forth in Section 12 hereof.

Closing Date shall have the meaning set forth in the Participation Agreement.

Code shall have the meaning set forth in Section 13 hereof.

Default shall mean an event which, after the giving of notice or lapse of time, or both, would mature into an Event of Default.

Depreciation Deduction, Interest Deduction and Investment Credit shall have the meanings set forth in Section 13 hereof.

Equipment, and individually an Item or Item of Equipment, shall mean the items of equipment described in Exhibit A hereto.

Event of Default shall have the meaning set forth in Section 15 hereof.

Event of Loss shall have the meaning set forth in Section 10 hereof.

Fair Market Value of an Item of Leased Equipment shall be determined on the basis of, and shall mean the amount which would be obtainable in, an arm's-length transaction between an informed and willing buyer or user (other than: (i) a lessee currently in possession, or (ii) a used equipment dealer) under no compulsion to buy and an informed and willing seller under no compulsion to sell, and in such determination costs of removal from the location of current use shall not be a deduction from such value. If the Lessor and the Lessee are unable to agree upon a determination of Fair Market Value with respect to a particular Item of Leased Equipment, such Fair Market Value shall be determined in accordance with the procedure for Appraisal.

Group of Equipment shall have the meaning set forth in the Certificate of Acceptance with respect to each Item of Leased Equipment.

Impositions shall have the meaning set forth in Section 7 hereof.

Indenture shall mean the Trust Indenture dated as of October 1, 1976 between United States Trust Company of New York, a New York corporation (the Trustee), and the Lessor.

Lessor's Cost shall mean, with respect to any Item of Leased Equipment, the United States dollar equivalent of the manufacturer's invoice purchase price (CDN) inclusive of freight charges from Sorel, Quebec to Massena, New York, finance charges, and the amount of United States customs duties payable with respect to such Item of Leased Equipment at the prevailing rate of exchange three Business Days prior to the Closing Date.

Leased Equipment, and individually an Item of Leased Equipment, shall have the meanings set forth in Section 2 hereof.

Liens and Lessor's Liens shall have the meanings set forth in Section 6 hereof.

Loss shall have the meaning set forth in Section 13 hereof.

Notes shall mean those promissory notes defined as Notes in the Participation Agreement issued in connection with the purchase of the Leased Equipment.

Participation Agreement shall mean the agreement, dated as of the date hereof, among the various parties thereto, including the Lessor, the Trustee, each Beneficiary and each entity named therein as Lender.

Person shall mean any individual, partnership, corporation, trust, unincorporated association or joint venture, a government or any department or agency thereof, or any other entity.

Purchase Documents shall mean those documents defined as "Purchase Documents" in the Participation Agreement.

Requisition of Use shall have the meaning set forth in Section 10 hereof.

Supplement shall mean each supplement to the Indenture creating a separate series of Notes for issuance in connection with the purchase of the Leased Equipment.

SECTION 2. Lease of Equipment.

Subject to the terms and conditions of this Lease, the Lessor agrees to lease to the Lessee, and the Lessee agrees to lease from the Lessor, such Items of Equipment as the Lessor shall have acquired, or become obligated to pay for, pursuant to the Purchase Documents (Leased Equipment, and individually an Item of Leased Equipment). Subject to the provisions of the Participation Agreement, upon delivery of each Item of Equipment to the Lessor on or after the First Delivery Date, but on or before the Final Delivery Date, the Lessee will either (a) cause an authorized representative of the Lessee to inspect the same and, if such Item is found to be in good order, to accept such Item, to complete, execute and deliver a Certificate of Acceptance with respect thereto and complete, execute and deliver to the manufacturer a Report of Car Inspection and Acceptance in the form attached hereto as Exhibit E, or (b) if the Lessee, acting in good faith, should find that such Item is not in good order, return the same to the manufacturer thereof. Each Item of Leased Equipment delivered to the Lessee in accordance with the Purchase Documents shall be subject to the terms and conditions of this Lease from the date the Lessor shall have acquired, or become obligated to pay for, such Item.

SECTION 3. Term and Rent.

(a) The term of this Lease shall begin on the date the first Item of Equipment shall become an Item of Leased Equipment hereunder,

and shall end, on the Expiration Date of such Group of Equipment of which the Item of Leased Equipment forms a part, unless this Lease shall have been terminated, or the term of this Lease shall have been extended, by the terms hereof.

(b) The Lessee shall pay to the Lessor as basic rent (herein referred to as Basic Rent) for each Item of Leased Equipment, the following:

(1) on the Interim Rent Date, an amount equal to the Daily Lease Rate Factor, if any, multiplied by the Lessor's Cost of such Item, for each day elapsed from, and including, the Rent Commencement Date with respect to such Item to, but excluding, the Interim Rent Date; and

(2) on the First Basic Rent Date and on each Basic Rent Date thereafter to and including the Last Basic Rent Date, an amount equal to the Basic Lease Rate Factor multiplied by the Lessor's Cost of such Item.

(c) The Lessee shall pay to the Lessor the following amounts (herein referred to as Supplemental Rent and, together with all Basic Rent, as Rent):

(1) on demand, any amount payable hereunder (other than Basic Rent, Casualty Value and Termination Value, if any) which the Lessee assumes the obligation to pay, or agrees to pay, under this Lease to the Lessor or others;

(2) on the date provided herein, any amount payable hereunder as Casualty Value or Termination Value, if any; and

(3) on demand, to the extent permitted by applicable law, interest (computed on the basis of a 360-day year of actual days elapsed) at the Late Payment Rate on any payment of Basic Rent, Casualty Value or Termination Value, if any, not paid when due for any period during which the same shall be overdue.

(d) All payments of Rent hereunder shall be made so that the Lessor shall have immediately available funds no later than 11:00 A.M. New York City time on the date payable hereunder and shall be paid to the Lessor at its address set forth herein or at such other address or to such other Person as the Lessor may direct by notice in writing to the Lessee.

SECTION 4. Net Lease.

This Lease is a net lease, and the Lessee agrees that the Lessee's obligation to pay all Rent hereunder, and the rights of the Lessor in and to such Rent, shall be absolute and unconditional and shall not be

subject to any abatement, reduction, set-off, defense, counterclaim or recoupment (Abatements) for any reason whatsoever, including, without limitation, Abatements due to any present or future claims of the Lessee against the Lessor under this Lease or otherwise, against the manufacturer or seller of any Item of Leased Equipment, or against any other Person for whatever reason. Except as otherwise expressly provided herein, this Lease shall not terminate, nor shall the obligations of the Lessee be affected, by reason of any defect in or damage to, or any loss or destruction of, the Leased Equipment or any Item thereof from whatsoever cause, or the interference with the use thereof by the Lessor or any Person, or the invalidity or unenforceability or lack of due authorization of this Lease or any failure of the Lessor to perform any obligation of the Lessor to the Lessee or any other Person under this Lease, the Participation Agreement or any instrument or document executed in connection herewith, or for any other cause, whether similar or dissimilar to the foregoing, any present or future law or regulation to the contrary notwithstanding, it being the express intention of the Lessor and the Lessee that all Rent payable by the Lessee hereunder shall be, and continue to be, payable in all events unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

SECTION 5. Warranty of the Lessor.

(a) The Lessor warrants that during the term of this Lease, if no Event of Default has occurred, the Lessee's use of the Leased Equipment shall not be interrupted by the Lessor or anyone claiming solely through or under the Lessor.

(b) The warranty set forth in paragraph (a) of this Section is in lieu of all other warranties of the Lessor, whether written, oral or implied with respect to this Lease or the Leased Equipment, and the Lessor shall not be deemed to have modified in any respect the obligations of the Lessee pursuant to Section 4 hereof, which obligations are absolute and unconditional. THE LESSEE EXPRESSLY AGREES TO LEASE EACH ITEM OF LEASED EQUIPMENT "AS IS." THE LESSOR SHALL NOT BE DEEMED TO HAVE MADE, AND THE LESSOR HEREBY DISCLAIMS, ANY OTHER REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE DESIGN OR CONDITION OF THE LEASED EQUIPMENT, ITS MERCHANTABILITY OR ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OF THE MATERIAL OR WORKMANSHIP OF THE LEASED EQUIPMENT OR CONFORMITY OF THE LEASED EQUIPMENT TO THE PROVISIONS AND SPECIFICATIONS OF ANY PURCHASE ORDER OR ORDERS RELATING THERETO, NOR SHALL THE LESSOR BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING STRICT OR ABSOLUTE LIABILITY IN TORT), but the Lessor authorizes the Lessee, at the Lessee's expense, to assert for the Lessor's account, during the term of this Lease, so long as no Event of Default shall have occurred hereunder, all of the Lessor's rights under any applicable manufacturer's warranty and the Lessor agrees to cooperate with the Lessee in asserting such rights; provided, however, that the Lessee shall indemnify the Lessor and hold the Lessor harmless from and against any and all claims, and all costs, expenses, damages, losses and liabilities incurred or suffered by the Lessor in connection with, as a

result of, or incidental to, any action by the Lessee pursuant to the above authorization. Any amount received by the Lessee as payment under any such warranty shall be applied to restore the Leased Equipment to the condition required by Section 8 hereof.

SECTION 6. Liens.

The Lessee will not directly or indirectly create, incur, assume or suffer to exist any mortgage, lien, security interest charge, claim or other encumbrances (Liens) on or with respect to the Leased Equipment, the Lessor's title thereto or any interest of the Lessor therein (and the Lessee will promptly, at its own expense, take such action as may be necessary duly to discharge any such Lien), except (a) the respective rights of the Lessor and the Lessee as herein provided, (b) Liens created or granted by the Lessor or resulting from claims against the Lessor not related to the Lessor's ownership of the Leased Equipment (Lessor's Liens). (c) Liens for taxes either not yet due or being duly contested by the Lessee in good faith, if counsel for the Lessor shall have determined that the nonpayment of any such tax or the contest of any such payment in such proceedings does not, in the opinion of such counsel, adversely affect the title, property or rights of the Lessor, and (d) inchoate materialmen's, mechanics', workmen's, repairmen's, employees' or other like Liens arising in the ordinary course of business of the Lessee and not delinquent.

SECTION 7. Taxes.

The Lessee agrees to pay and to indemnify and hold harmless the Lessor for all income, franchise, sales, use, personal property, ad valorem, value added, leasing, leasing use, stamp or other taxes, levies, imposts, duties, charges, or withholdings of any nature, together with any penalties, fines or interest thereon (Impositions), arising out of the transactions contemplated by this Lease and imposed against the Lessor, the Lessee or any Item of Leased Equipment by any Federal, state, local or foreign government or taxing authority upon or with respect to any Item of Leased Equipment or upon the sale, purchase, ownership, delivery, leasing, possession, use, operation, return or other disposition thereof, or upon the rentals, receipts or earnings arising therefrom, or upon or with respect to this Lease (excluding, however, federal taxes on or measured by the net income of the Lessor and taxes measured by the net income of the Lessor which are imposed by (i) the State of Minnesota or any jurisdiction within Minnesota or (ii) any other jurisdiction in which the Lessor is subject to taxes as the result of business or transactions unrelated to this Lease except that taxes of other jurisdictions shall not be excluded to the extent that payment of such taxes is credited against taxes otherwise payable to the State of Minnesota or any jurisdiction within Minnesota) unless, and only to the extent that, the Lessee shall have given to the Lessor written notice of any such Imposition, stating that such Imposition is being duly contested by the Lessee in good faith and counsel for the Lessor shall have determined that the nonpayment or contest of payment in such proceedings does not, in the opinion of such counsel, adversely

affect the title, property or rights of the Lessor. If a claim is made against the Lessee or the Lessor for any Imposition, the party receiving notice of such claim shall promptly notify the other. In case any report or return is required to be made with respect to any obligation of the Lessee under, or arising out of, this Section, the Lessee will either (after notice to the Lessor) make such report or return in such manner as will show the ownership of the Leased Equipment in the Lessor and send a copy thereof to the Lessor or will notify the Lessor of such requirement and make such report or return in such manner as shall be satisfactory to the Lessor. The Lessor agrees to cooperate fully with the Lessee in the preparation of any such report or return.

SECTION 8. Use, Maintenance and Operation; Equipment Marking.

(a) The Lessee agrees that each Item of Leased Equipment will be used, or is intended for use, in connection with interstate commerce and will be used in compliance with any and all statutes, laws, ordinances and regulations of any governmental agency applicable to the use thereof, and the Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than income tax returns) to be filed by the Lessor with any Federal, state or other regulatory authority by reason of ownership by the Lessor of the Items of Leased Equipment or the leasing thereof to the Lessee. Throughout the term of this Lease, the possession, use and maintenance of each Item of Leased Equipment shall be at the sole risk and expense of the Lessee.

(b) So long as no Event of Default exists hereunder, the Lessee shall be entitled to the possession and use of each Item of Leased Equipment in accordance with the terms of this Lease. Without the prior written consent of the Lessor, the Lessee shall not assign or transfer its leasehold interest under this Lease in all or any of the Leased Equipment except as hereinafter provided in this paragraph; and the Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Leased Equipment, except to the extent hereinafter provided in this paragraph. The Lessee shall be entitled to the use of each Item of Leased Equipment upon lines of railroad over which the Lessee or any such affiliate of Lessee has trackage or other operating rights or over which railroad equipment of the Lessee or any such affiliate is operated pursuant to contract or otherwise and shall be entitled to permit the use of the Leased Equipment upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements and, without relieving the Lessee of its liability hereunder, to assign its rights to any and all Items of Leased Equipment or to sublease such Items of Leased Equipment, but only upon and subject to all the terms and conditions of this Lease; provided, however, that the Lessee shall not assign, sublease or permit the assignment, sublease or use of any Item of Leased Equipment

predominantly outside the United States of America within the meaning of Section 48(a) of the Code, nor shall the Lessee assign or sublease to, or permit the sublease or use of any Item of Leased Equipment by, any person in whose hands such Item would not qualify as "Section 38 property" within the meaning of the Code; and provided further, that Lessee shall not assign, or sublease or permit the assignment or sublease of any Item of Leased Equipment without the prior written consent of Lessor, which consent shall not be unreasonably withheld. Lessor shall either give or notify Lessee that it is withholding such consent within five Business Days of the date on which Lessee has supplied Lessor with all documents with respect to the proposed sublessee which are reasonably requested by Lessor. The Lessee may receive and retain compensation for the use of any of the Items of Leased Equipment from railroads or other entities so using such Items.

Nothing in this Section 8 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease or possession of the Leased Equipment to any corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety, provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease.

(c) The Lessee agrees to comply in all respects (including without limitation with respect to the use, maintenance and operation of each Item of Leased Equipment) with all laws of the jurisdictions in which its operations involving the Items of Leased Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Items of Leased Equipment, to the extent that such laws and rules affect the title, operation or use of the same, and in the event that such laws or rules require any alteration, replacement or addition of or to any part on any Item of Leased Equipment, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may at its own expense, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor, adversely affect the property or rights of the Lessor under this Lease.

(d) The Lessee agrees that, at its own cost and expense, it will maintain and keep each Item of Leased Equipment (including any parts installed on or replacements made to any Unit and considered an accession thereto as hereinbelow provided) which is subject to this Lease in good

operating order, repair and condition, ordinary wear and tear excepted, in accordance with the Interchange Rules of the Association of American Railroads and in the same condition as other similar equipment owned or leased by the Lessee. The Lessee, at its own cost and expense, may from time to time make such other additions, modifications and improvements to any Item of Leased Equipment during the term of this Lease as are readily removable without causing material damage to such Items of Leased Equipment (and do not adversely and materially affect the value of such Items of Leased Equipment). The additions, modifications and improvements made by the Lessee under the preceding sentence shall be owned by the Lessee, except to the extent such additions, modifications or improvements are made in order to comply with the next sentence hereof. Any and all parts installed on and additions and replacements made to any Item of Leased Equipment (i) which are not readily removable without causing material damage to such Item (and do adversely and materially affect the value of such Items of Leased Equipment), (ii) the cost of which is included in the Lessor's Cost, (iii) in the course of ordinary maintenance of such Item of Leased Equipment or (iv) which are required for the operation or use of such Unit by the interchange rules of the Association of American Railroads or by the regulations of the Interstate Commerce Commission, the Department of transportation or any other applicable regulatory body, shall constitute accessions to such Item of Leased Equipment and full ownership thereof free from any lien, charge, security interest or encumbrance (except for those created by the Lessor) shall immediately be vested in the Lessor.

(e) The Lessee agrees, at its own cost and expense, to (1) cause each Item of Leased Equipment to be kept numbered with the identification number therefor as specified in the Certificate of Acceptance therefor, and (2) maintain the Equipment Marking on each Item of Leased Equipment and such other markings as from time to time may be required by law or otherwise deemed necessary by the Lessor in order to protect the title of the Lessor to such Item of Leased Equipment, the rights of the Lessor under this Lease and the Liens granted by the Lessor in financing the Lessor's Cost of the Leased Equipment. The Lessee will not place any Item of Leased Equipment in operation or exercise any control or dominion over the same until such Equipment Marking has been placed thereon. The Lessee will replace promptly any such Equipment Marking which may be removed, defaced or destroyed.

SECTION 9. Inspection and Reports.

On or before March 31 in each year, commencing with the calendar year after the First Delivery Date, the Lessee will furnish to the Lessor and the Trustee an accurate statement (a) setting forth as at the preceding December 31 the total number, description and identification numbers of all Items of Leased Equipment then leased hereunder, the total number, description and identification numbers of all Items of Leased Equipment that have suffered an Event of Loss during the preceding calendar year or are then undergoing repairs (other than running repairs) or then withdrawn from use pending repair (other than running repairs) and setting forth such other

information regarding the condition and state of repair thereof as the Lessor or the Trustee may reasonably request and (b) stating that, in the case of all Items of Leased Equipment repainted or repaired during the period covered by such statement, the numbers and markings required by Section 8 thereof have been preserved or replaced, (c) further stating that the Lessee is in compliance under this Lease. The Lessee shall furnish to the Lessor copies of all reports, if any, required to be filed with the Federal Railroad Administration. Lessee shall maintain all records and reports on the maintenance of the Leased Equipment and shall deliver all such records and reports to Lessor on the expiration of the Period of Storage. The Lessor and the Trustee shall each have the right by its agents to inspect the Items of Leased Equipment and the Lessee's records with respect thereto at such reasonable times as the Lessor or the Trustee may request during the continuance of this Lease.

SECTION 10. Loss or Destruction;
 Requisition of Use.

(a) In the event that any Item of Leased Equipment shall be or become irreparably damaged, worn out, destroyed, lost, stolen, or permanently rendered unfit for use for any reason whatsoever, or title thereto or use thereof shall be requisitioned or otherwise taken by any governmental authority under power of eminent domain or otherwise (any such taking being herein referred to as a Requisition of Use) for a stated period which exceeds the then remaining term of this Lease, any of such occurrences being referred to as an Event of Loss, the Lessee shall promptly notify the Lessor of such Event of Loss by furnishing Lessor with a written certificate signed by an officer of Lessee setting forth the facts with respect to such Event of Loss. On the Basic Rent Date next following the date of such Event of Loss, the Lessee shall pay to the Lessor the Casualty Value of such Item of Leased Equipment determined as of such Basic Rent Date, together with any Rent then due. If at such time no more Basic Rent is or will become payable under this Lease, the Casualty Value shall be paid within 30 days following the Event of Loss. Upon making such Casualty Value payment in respect of such Item of Leased Equipment and all Rent due and owing with respect thereto, the Lessee's obligation to pay further Basic Rent for such Item of Leased Equipment shall cease, but the Lessee's obligation to pay Supplemental Rent, if any, for such Item of Leased Equipment, shall remain unchanged. Except in the case of loss, theft or destruction, the Lessor shall be entitled to recover possession of such Item. With respect to insurance proceeds paid to Lessee or Lessor with respect to an Event of Loss, the Lessee shall retain all amounts paid by any insurer to the extent of the Casualty Value paid by the Lessee to the Lessor hereunder, and any excess shall be paid over to and retained by the Lessor. The Lessor shall be under no duty to the Lessee to pursue any claim against any governmental authority, but the Lessee may at its own cost and expense pursue the same on behalf of the Lessor in such manner as may be satisfactory to the Lessor.

(b) Following payment of the Casualty Value of an Item of Leased Equipment in accordance with the provisions of paragraph (a) of this Section, the Lessee, if possible, shall, as agent for the Lessor,

dispose of such Item as soon as it is able to do so for the best price obtainable. Any such disposition shall be on an as is, where is basis without recourse, representation or warranty, express or implied. As to each separate Item of Leased Equipment so disposed of, the Lessee may, after paying the Lessor the amounts specified in paragraph (a) of this Section, retain all amounts of such price up to the Casualty Value thereof and the Lessee's reasonable costs and expenses of disposition attributable thereto, and shall remit the excess, if any, to the Lessor. With respect to a Requisition of Use of any Item of Leased Equipment for a stated period which exceeds the then remaining term of this Lease, the Lessor agrees that the Lessee shall receive and retain all amounts paid by any governmental authority up to the Casualty Value paid by the Lessee to the Lessor hereunder, and any excess shall be paid over and retained by the Lessor.

(c) Except as provided in this Section, the Lessee shall bear the risk of loss and shall not be released from its obligations hereunder in the event of any damage to any Item of Leased Equipment or any Event of Loss relating thereto.

(d) In the case of a Requisition of Use of any Item of Leased Equipment for an indefinite period or for a stated period which does not exceed the then remaining term of this Lease, such Requisition of Use shall not terminate this Lease with respect to such Item and each and every obligation of the Lessee with respect thereto shall remain in full force and effect. So long as no Event of Default shall have occurred and be continuing under this Lease, the Lessee shall be entitled to all sums, attributable to the period such Item is subject to this Lease, received by reason of any such Requisition of Use referred to in the preceding sentence, up to the amount of the Basic Rent paid by the Lessee during the period of such Requisition of Use, and the Lessor shall be entitled to all amounts in excess of the Basic Rent.

SECTION 11. Insurance.

At its own expense, the Lessee shall maintain the following insurance with respect to each Item of Leased Equipment: comprehensive general liability insurance with limits of at least \$1 million; and casualty insurance with limits at least equal to or greater than the Casualty Value with respect to such Item. Any policies with respect to such insurance shall (1) name the Lessor, Lessee and Trustee as assureds or additional assureds and loss payees as their interests may appear and (2) provide for at least 30 days prior written notice by the insurance carrier to the Lessor in the event of cancellation, expiration or material modification. The Lessee shall, prior to the First Delivery Date and annually thereafter on the anniversary thereof, furnish appropriate evidence of such insurance.

SECTION 12. Indemnification.

The Lessee agrees to assume liability for, and does hereby agree to indemnify and save harmless the Lessor from and against any and all liabilities, obligations, losses, damages, penalties, claims (including, without limitation, claims involving strict or absolute liability in tort), actions, costs and expenses (including, without limitation, legal fees and expenses) of any kind and nature whatsoever (Claims) which may be imposed on, incurred by or asserted against the Lessor, whether or not the Lessor shall also be indemnified as to any such Claim by any other person, in any way relating to or arising out of this Lease or any document contemplated hereby, or the performance or enforcement of any of the terms hereof or thereof, or in any way relating to or arising out of the manufacture, acceptance, rejection, ownership, delivery, lease, sublease, possession, use, operation, maintenance, condition, sale, return, storage or disposition of any Item of Leased Equipment or any accident in connection therewith (including, without limitation, latent and other defects, whether or not discoverable and any Claim for patent or trademark infringement); provided, however, that the Lessee shall not be required to indemnify the Lessor for (a) any Claim in respect of any Item of Leased Equipment arising from acts or events which occur after possession of such Item of Leased Equipment has been redelivered to the Lessor in accordance with Section 17 hereof, except as provided in said Section 17 or (b) any Claim resulting from acts which would constitute the willful misconduct or gross negligence of the Lessor. To the extent that the Lessor in fact receives indemnification payments from the Lessee under the indemnification provisions of this Section, the Lessee shall be subrogated, to the extent of such indemnity paid, to the Lessor's rights with respect to the transaction or event requiring or giving rise to such indemnity; provided, however, that the Lessee shall not enforce any such rights by legal proceedings without the Lessor's approval, which approval shall not be unreasonably withheld. THE LESSEE AGREES THAT THE LESSOR SHALL NOT BE LIABLE TO THE LESSEE FOR ANY CLAIM CAUSED DIRECTLY OR INDIRECTLY BY THE INADEQUACY OF ANY ITEM OF LEASED EQUIPMENT FOR ANY PURPOSE OR ANY DEFICIENCY OR DEFECT THEREIN OR THE USE OR MAINTENANCE THEREOF OR ANY REPAIRS, SERVICING OR ADJUSTMENTS THERETO OR ANY DELAY IN PROVIDING OR FAILURE TO PROVIDE ANY THEREOF OR ANY INTERRUPTION OR LOSS OF SERVICE OR USE THEREOF OR ANY LOSS OF BUSINESS, ALL OF WHICH SHALL BE THE RISK AND RESPONSIBILITY OF THE LESSEE.

SECTION 13. Tax Indemnification.

(a) This Lease has been entered into on the basis that the Lessor shall be entitled to such deductions, credits and other benefits as are provided to an owner of property including, without limitation:

(1) unless otherwise provided in Exhibit C hereto, the investment tax credit (the Investment Credit) allowed by section 38 and related sections of the Internal Revenue Code of 1954, as amended to the date hereof (the Code), in an amount equal to the Investment Credit Percentage of Lessor's Cost of each Item of Leased Equipment set forth in Exhibit C hereto;

(2) the deduction for accelerated depreciation (the Depreciation Deduction) on each Item of Leased Equipment under various sections of the Code based upon the Depreciable Life, Depreciation Method, and Net Salvage Value set forth in Exhibit C hereto; and

(3) the deduction under section 163 of the Code (the Interest Deduction) in the full amount of any interest paid or accrued by the Lessor in accordance with the Lessor's method of accounting for tax purposes with respect to any indebtedness incurred by the Lessor in financing its purchase of each Item of Leased Equipment.

(b) If the Lessor shall lose, shall not have or shall lose the right to claim, or if there shall be disallowed or recaptured with respect to the Lessor, all or any portion of the Investment Credit, the Interest Deduction or the Depreciation Deduction as is provided to an owner of property with respect to an Item of Leased Equipment (Loss), the Lessee shall pay to the Lessor an amount (the Indemnity) which, after deduction of all taxes required to be paid by the Lessor in respect of the receipt of such amount under the laws of the Federal government or any state or local government or taxing authority in the United States, shall be equal to the amount of the increase in Federal, state and local taxes, including interest and penalties thereon payable by the Lessor (through and including the tax year in which the Indemnity is paid) over the amount of such taxes which would have been paid if the Lessor (1) had been entitled to the utilization of all of the Investment Credit, the Interest Deduction or the Depreciation Deduction and (2) had been required to report all Rent as ordinary income rather than as return of principal and interest in each tax year of Lessor (through and including but not subsequent to the tax year in which the Indemnity is paid) in which said increased Federal, state and local taxes, including interest and penalties thereon, are payable by Lessor. With respect to tax years subsequent to the tax year in which the Indemnity is paid, the Basic Lease Rate Factor applicable to such Item of Leased Equipment shall, on and after the first Basic Rent Date in the first of such subsequent tax years, be increased by such amount, if any, for such Item of Leased Equipment which will cause the Lessor's net after tax return over the term of this Lease in respect of such Item of Leased Equipment to equal the net after tax return that would have been available if the Lessor had been entitled to the utilization of all of the Investment Credit, the Interest Deduction or the Depreciation Deduction with respect to such Item of Leased Equipment. In the event that Lessee and Lessor fail to mutually agree on the amount of the Indemnity, the amount of the Indemnity will be determined by Arthur Andersen & Co. Fees payable to Arthur Andersen & Co., if any, as the result of a determination required pursuant to this subsection shall be paid by the Lessee.

(c) For purposes of this Section, a Loss shall occur upon the earliest of (1) the happening of any event (such as a disposition or change in the use of any Item of Leased Equipment) which may cause such Loss, (2) the payment by the Lessor to the Internal Revenue Service or other taxing authority of the tax increase resulting from such Loss, or (3) the adjustment of the tax return of the Lessor to reflect such Loss. With respect to any Item of Leased Equipment, the Lessor shall be responsible for, and shall not be entitled to a payment under this Section on account of, any Loss due to one or more of the following events: (i) a disqualifying disposition without the consent of the Lessee due to sale of such Item of Leased Equipment, the lease thereof by the Lessor or an assignment of the Lease prior to any default by the Lessee, or (ii) a failure of the Lessor to timely or properly claim the Investment Credit, the Interest Deduction or the Depreciation Deduction for such Item of Leased Equipment in the tax return of the Lessor, or (iii) a disqualifying change in the nature of the Lessor's business or liquidation thereof, or (iv) a foreclosure by any Person holding through the Lessor of a Lien on such Item of Leased Equipment, which foreclosure results solely from an act of the Lessor, or (v) any event which by the terms of this Lease requires payment by the Lessee of the Casualty Value or Termination Value of such Item, if such Casualty Value or Termination Value is thereafter actually paid by the Lessee, to the extent that such payment reimburses the Lessor for amounts otherwise payable by the Lessee pursuant to this Section, (vi) the failure of the Lessor to have sufficient liability for tax against which to apply such Investment Credit or taxable income against which to apply such Depreciation Deduction or Interest Deduction; or (vii) any other act by the Lessor which is prohibited by this Lease, the Participation Agreement, the Indenture, the Supplement, the Trust Agreement or the Purchase Documents (the Related Documentation) or any failure by the Lessor to perform an act which is required by the Related Documentation.

(d) All of the Lessor's rights arising from the indemnities contained in this Section shall survive the expiration or other termination of this Lease with respect to any or all Items of Leased Equipment and such indemnities are expressly made for the benefit of, and shall be enforceable by the Lessor, its successors and assigns.

(e) Lessee represents and warrants to Lessor that each Item of Equipment will qualify as new and unused "Section 38 Property" (as such term is defined in Section 48(a) of the Internal Revenue Code), that each Item of Equipment will be used predominantly in the United States, and that Rent hereunder will not qualify as foreign source income.

SECTION 14. Voluntary Termination.

(a) The Lessee shall have the right, at any time on or after the First Termination Date, on at least 180 days' prior written notice to the Lessor, to terminate this Lease with respect to all, but not less than

all, Items of Leased Equipment subject to this Lease, such termination to be effective on the Basic Rent Date next following the expiration of the 180-day notice period (the Termination Date); provided, however, that no Default or Event of Default shall have occurred and be continuing hereunder and that such Items shall have become obsolete or surplus to the Lessee's requirements. During the period from the giving of such notice until the Termination Date, the Lessor may, and the Lessee, as agent for the Lessor, shall, use their best efforts to obtain bids for the purchase of such Items of Leased Equipment. The Lessee shall certify to the Lessor in writing the amount of each bid received by the Lessee and the name and address of the party submitting such bid. The Lessee may utilize agents for purposes of fulfilling its obligations set forth in this Section. On the Termination Date, the Lessor shall sell such Items of Leased Equipment, without recourse or warranty, for cash to whosoever (other than the Lessee or any affiliate of the Lessee) shall have submitted the highest bid prior to such date and shall transfer to such purchaser all of the Lessor's right, title and interest in and to such Items, and thereupon the Lessee shall deliver such Items of Leased Equipment so sold to the Lessor in accordance with the terms of Section 17 of this Lease. The Lessor shall certify in writing to the Lessee (i) the amount of such total sale price, (ii) the expenses incurred by the Lessor in connection with such sale, and (iii) that such total sale price represents the highest bid received by the Lessor for the purchase of such Items. The total sale price realized at such sale shall be retained by the Lessor, and, in addition, on the Termination Date, the Lessee shall pay to the Lessor the Basic Rent payment payable on such date and the amount, if any, by which (A) the Termination Value of such Items, computed as of the Termination Date, exceeds (B) the proceeds of such sale less all expenses, including out of pocket attorneys fees, if any, incurred by the Lessor in selling such Items. In the event no such sale takes place, the Lessee shall pay to the Lessor the Termination Value of such Items, computed as of the Termination Date, plus any expenses, including out of pocket attorneys fees, if any, incurred by the Lessor in connection herewith and the Basic Rent payment then due, and the Lessor shall retain the Equipment free of any interest therein of Lessee. Upon payment of all amounts required to be paid by the Lessee pursuant to this paragraph (a), the obligation of the Lessee for all Basic Rent accruing hereunder with respect to such Items due and payable after, but not on or before, the Termination Date shall cease.

(b) Notwithstanding the foregoing, upon receipt of all bona fide bids for the purchase of such Items, the Lessor may, with the prior written consent of the Trustee, elect not to sell such Items to the highest bidder on the Termination Date, in which case the Lessee shall deliver such Items to the Lessor in accordance with the terms of Section 17 of this Lease. Such written consent shall not be withheld if Lessor shall prepay the obligations of the Lessor issued in connection with this Lease. In addition, on the Termination Date, the Lessee shall pay to the Lessor the

Basic Rent due on such Termination Date and the amount, if any, by which the Termination Value of such Items, plus the amount of any expenses incurred by the Lessor directly or indirectly in connection therewith exceeds such highest bid, plus all out of pocket expenses incurred by the Lessor due to the giving of the written notice of termination. Upon such redelivery and the payment of such amount, if any, the obligation of the Lessee to pay all Basic Rent accruing under this Lease with respect to such Items due and payable after, but not on or before, the Termination Date shall cease, and the interest of the Lessee in the Equipment shall cease.

(c) Notwithstanding the foregoing, provided that no Default or Event of Default shall have occurred and be continuing hereunder, and provided further that the Lessor has not notified the Lessee in writing of the Lessor's election under paragraph (b) above, upon written notification given to the Lessor not less than 60 days prior to the Termination Date, the Lessee may elect to rescind the Lessee's notice of termination, in which case this Lease shall not terminate as set forth in this Section, but shall continue in full force and effect as though no such notice of termination had been given by the Lessee.

SECTION 15. Events of Default.

The term Event of Default, wherever used herein, shall mean any of the following events under this Lease:

(a) The Lessee shall fail to make any payment of Rent within 10 days after the same shall become due; or

(b) The Lessee shall fail to perform or observe any other covenant, condition or agreement to be performed or observed by it under this Lease, the Participation Agreement or any agreement, document or certificate delivered by the Lessee in connection herewith or therewith, and such failure shall continue for 20 days after written notice thereof from the Lessor to the Lessee; or

(c) Any representation or warranty made by the Lessee in this Lease, the Participation Agreement or any agreement, document or certificate delivered by the Lessee in connection herewith or therewith shall prove to have been incorrect in any material respect when any such representation or warranty was made or given; or

(d) A petition in bankruptcy or for reorganization or arrangement shall be filed by the Lessee; or the Lessee shall make an assignment for the benefit of creditors or consent to the appointment of a trustee or a receiver, or a trustee or a receiver shall be appointed for the Lessee, for any Item of Leased Equipment or for a substantial part of the Lessee's property without its consent and any such trustee or receiver shall not be dismissed within a period of 60 days; or bankruptcy, reorganization,

arrangement or insolvency proceedings shall be instituted against the Lessee and shall not be dismissed within a period of 60 days; or

(e) The Lessee shall be in default under any material obligation for the payment of borrowed money or for the deferred purchase price of, or for the payment of any rent under any lease agreement covering, material real or personal property, and the applicable grace period with respect thereto shall have expired and the obligations shall not be duly contested in good faith.

(f) The Scoular Company, as guarantor (the Guarantor), pursuant to a guaranty dated as of the date hereof (the Guaranty), shall fail to perform or observe any covenant, condition or agreement to be performed or observed by it under the Guaranty or any agreement, document or certificate delivered by the Guarantor in connection therewith, and such failure shall continue for 20 days after written notice thereof from the Lessor to the Guarantor; or

(g) Any representation or warranty made by the Guarantor in the Guaranty or any agreement, document or certificate delivered by the Guarantor in connection therewith shall prove to have been incorrect in any material respect when any such representation or warranty was made or given; or

(h) A petition in bankruptcy or for reorganization or arrangement shall be filed by the Guarantor; or the Guarantor shall make an assignment for the benefit of creditors or consent to the appointment of a trustee or a receiver, or a trustee or receiver shall be appointed for the Guarantor, for a substantial part of the Guarantor's property without its consent and any such trustee or receiver shall not be dismissed within a period of 60 days; or bankruptcy, reorganization or insolvency proceedings shall be instituted against the Guarantor and shall not be dismissed within a period of 60 days; or

(i) The Guarantor shall be in default under any material obligation for the payment of borrowed money or for the deferred purchase price of, or for the payment of any rent under any lease agreement covering, material real or personal property, and the applicable grace period with respect thereto shall have expired and the obligations shall not be contested in good faith with due diligence and by appropriate proceedings; or

(j) A merger or consolidation of the Lessee or Guarantor with or into any other corporation or corporations that do not have credit ratings or financial standing equal to or better than the credit rating or financial standing of Lessee or Guarantor, as the case may be; or

(k) The failure by Lessee to maintain insurance coverage as required by Section 11 hereof.

SECTION 16. Remedies.

(a) Upon the occurrence of any Event of Default and so long as the same shall be continuing, the Lessor may, at its option, declare this Lease to be in default by written notice to such effect given to the Lessee, and at any time thereafter, the Lessor may exercise one or more of the following remedies, as the Lessor in its sole discretion shall lawfully elect:

(1) Proceed by appropriate court action, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof;

(2) By notice in writing terminate this Lease, whereupon all rights of the Lessee to the use of the Leased Equipment shall absolutely cease and terminate but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessee, if so requested by the Lessor, shall at its expense promptly return the Leased Equipment to the possession of the Lessor at such place as the Lessor shall designate and in the condition required upon the return thereof pursuant to and in accordance with the terms hereof, or the Lessor, at its option, may, subject to compliance with all mandatory requirements of law, enter upon the premises where the Leased Equipment is located and take immediate possession of and remove the same by summary proceedings or otherwise. The Lessee shall, without further demand, forthwith pay to the Lessor an amount equal to any unpaid Rent due and payable for all periods up to and including the Basic Rent Date following the date on which the Lessor has declared this Lease to be in default, plus, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the Casualty Value of the Leased Equipment then subject to this Lease, computed as of the Basic Rent Date following the date on which the Lessor has declared this Lease to be in default. Following the return of the Leased Equipment to the Lessor pursuant to this paragraph (2) the Lessor shall proceed to sell or re-lease the Leased Equipment in such commercially reasonable manner as it shall deem appropriate. The proceeds of such sale or re-lease shall be applied by the Lessor (A) first, to pay all costs, charges and expenses, including reasonable legal fees and disbursements, incurred by the Lessor as a result of the default and the exercise of its remedies with respect thereto, (B) second, to pay to the Lessor an amount equal to any unpaid Rent due and payable and the Casualty Value, to the extent not previously paid, and (C) third, to reimburse the Lessee for the Casualty Value to the extent previously paid by the Lessee as liquidated damages. Any surplus remaining thereafter shall be retained by the Lessor. For purposes of this subsection, the proceeds of any re-lease shall be the amount reasonably designated by Lessor as the cost of the re-leased

Leased Equipment in determining the rent under such re-lease. To the extent that all Basic Rent then due and payable with respect to the Leased Equipment and the Casualty Value in respect of such Leased Equipment have not been previously paid, the Lessee shall forthwith pay to the Lessor the sum of (i) the amount by which (X) the sum of (a) all Basic Rent then due and payable with respect to the Leased Equipment, (b) the Casualty Value or portion thereof not theretofore paid, and (c) the amount payable under clause (A) of the preceding sentence, exceeds (Y) the sale price or the proceeds of any net re-lease of the Leased Equipment, and (ii) interest at the Late Payment Rate on the full amount of the Casualty Value, computed from the date the Casualty Value is payable hereunder until such Casualty Value is paid by the Lessee.

(b) The Lessee shall be liable for all costs, charges and expenses, including reasonable legal fees and disbursements, incurred by the Lessor by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto.

(c) No remedy referred to herein is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to the Lessor at law or in equity. No express or implied waiver by the Lessor of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of the Lessor in exercising any rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies and any single or partial exercise of any particular right by the Lessor shall not exhaust the same or constitute a waiver of any other right provided herein.

SECTION 17. Return of Leased Equipment.

If this Lease shall terminate pursuant to Section 16 hereof or the terms of this Lease shall otherwise expire in accordance with the terms hereof in respect of any Item of Leased Equipment, the Lessee shall forthwith deliver possession of such Item of Leased Equipment to the Lessor. Each Item of Leased Equipment so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and shall have attached or affixed thereto any addition, modification or improvement considered an accession thereto as provided in Section 8 and shall have removed therefrom at the Lessee's expense any addition, modification or improvement which, as provided in Section 8, is owned by the Lessee or, if the same is not so removed, it shall be deemed to be an accession. For the purpose of delivering possession of any Item of Leased Equipment as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the

Association of American Railroads and all railroads or all other parties to which any such Item of Leased Equipment has been interchanged or which may have possession thereof to return such Item of Leased Equipment) and at the usual speed, place such Item of Leased Equipment upon storage tracks of the Lessee; and

(b) cause such Item of Leased Equipment to be stored on such tracks at the risk of the Lessee without charge for insurance, rent or storage (i) until such Item of Leased Equipment has been sold, leased or otherwise disposed of by the Lessor if such termination occurs pursuant to Section 16 hereof or (ii) if the terms of the Lease shall have otherwise expired in accordance with the terms hereof, until the Period of Storage shall expire.

(c) The assembling, delivery, storage and insurance of the Items of Leased Equipment as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver and store the Items of Leased Equipment. During the storage period, the Lessee will, at its own cost and expense if the Lease has terminated pursuant to Section 16 hereof or, if the term of this Lease shall have otherwise expired, upon the request of the Lessor and at the Lessor's expense, maintain and keep the Items of Leased Equipment in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Items of Leased Equipment to inspect the same. All amounts earned in respect of the Items of Leased Equipment after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Item of Leased Equipment is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which the Basic Rent as set forth in Section 3(b)(2) hereof payable on the Basic Rent Date immediately prior to such termination for such Items of Leased Equipment divided by 90 exceeds the actual earnings received by the lessor for such Item of Leased Equipment for each such day.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 17, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Item of Leased Equipment to the Lessor, to demand and take possession of such Item of Leased Equipment in the name and on behalf of the Lessee from whomsoever shall be in possession of such Item of Leased Equipment at the time.

SECTION 18. Right of First Refusal.

(a) Provided that no Default or Event of Default shall have occurred and be continuing hereunder, the Lessor agrees that for 90 days following the expiration of the term of this Lease or any extension thereof with respect to any Item of Leased Equipment, it will not sell such Item of Leased Equipment unless the Lessor shall have given the Lessee at least 15 Business Days' prior written notice of such sale, specifying the sale price and the terms of such sale, and the Lessee shall have the opportunity during said period to purchase such Item of Leased Equipment at the same price and on the same terms as specified in such notice; provided, however, that in no event shall such price be less than the Fair Market Value of such Item of Leased Equipment.

(b) In the event the Lessee exercises such right of first refusal to purchase any Item of Leased Equipment, then, upon payment of the purchase price, the Lessor shall, upon request of the Lessee, execute and deliver to the Lessee, or to the Lessee's assignee or nominee, a bill of sale (without representations or warranties except that such Item of Leased Equipment is free and clear of all Liens by or in favor of any Person claiming by, through or under the Lessor) for such Item of Leased Equipment, and such other documents as may be required to release such Item of Leased Equipment from the terms and scope of this Lease and to transfer title thereto to the Lessee or such assignee or nominee, in such form as may reasonably be requested by the Lessee, all at the Lessee's expense.

SECTION 19. Notices.

All communications and notices provided for herein shall be in writing and shall become effective when deposited in the United States mail, with proper postage for first-class mail, prepaid, addressed (a) if to the Lessor, at P.O. Box 30007, Salt Lake City, Utah 84125, Attention: Trust Department, Corporate Trust Division (with copies to (1) Itel Corporation, Equipment Finance Division, at One Embarcadero Center, San Francisco, California 94111, Attention: Contract Administration, (2) the Trustee, at 130 John Street, New York, New York 10038, Attention: Corporate Trust and Agency Division and (3) each Beneficiary, at its address set forth in Exhibit C hereto), and (b) if to the Lessee, at its address set forth on the signature page hereof.

SECTION 20. Successors, Assigns and Indemnified Parties.

This Lease, including all agreements, covenants, representations and warranties, shall be binding upon and inure to the benefit of, and may be enforced by, (1) the Lessor and its successors, assigns, agents, servants and personal representatives, and, where the context so requires, each Beneficiary and its successors and assigns and any holder of the obligations of the Lessor issued in connection with this Lease, (2) the

(f) This Lease shall be governed by, and construed in accordance with, the laws of the state indicated in the address of the Lessee as set forth after its signature herein.

(g) Although this Lease is dated as of the date first above written for convenience, the actual dates of execution hereof by the parties hereto are respectively the dates set forth under the signatures hereto, and this Lease shall be effective on the latest of such dates.

IN WITNESS WHEREOF, the parties hereto have each caused this Lease to be duly executed by their respective officers thereunto duly authorized.

FIRST SECURITY BANK OF UTAH, N.A.,
not in its individual capacity,
but solely as trustee for ITT
Industrial Credit Company under a
Master Trust Agreement dated as of
October 1, 1976 between it and
Itel Capital Services Corporation,
as Lessor

By


Authorized Officer

Date

12-13-78

FIRST SECURITY BANK OF UTAH, N.A.,
not in its individual capacity,
but as trustee for Northwestern
National Bank of Minneapolis under
a Master Trust Agreement dated as
of October 1, 1976 between it and
Itel Capital Services Corporation,
as Owner Trustee

By


Authorized Officer

Date

12-13-78

SCOLAR-BISHOP GRAIN COMPANY,
as Lessee

By _____

Date _____

Address: Embassy Plaza Building
Suite 200
Omaha, Nebraska 68114

Attention: Mr. Neal Harlan

The undersigned hereby certifies that the person executing this Lease on behalf of the Lessee holds the indicated office, was duly elected thereto and at all relevant times has been a duly qualified and acting officer of the Lessee.

Date _____

STATE OF NEW YORK,)
) ss.
COUNTY OF NEW YORK.)

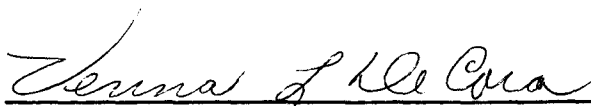
On this _____ day of _____, 1978, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is an Assistant Vice President of UNITED STATES TRUST COMPANY OF NEW YORK, that one of the seals affixed to the foregoing instrument is the corporate seal of said banking corporation and that said instrument was signed and sealed on behalf of said banking corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said banking corporation.

Notary Public

[NOTARIAL SEAL]

STATE OF UTAH,)
) ss.
COUNTY OF SALT LAKE.)

On the 13 day of Dec, 1978, before me personally appeared, WILLIAM C. MCGREGOR, to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, N.A., that one of the seals affixed to the foregoing instrument is the seal of said national banking association and that said instrument was signed and sealed on behalf of said national banking association by authority of its By-laws and he acknowledges that the execution of the foregoing instrument was the free act and deed of said national banking association.



Notary Public

My Commission Expires November 15, 1981

[NOTARIAL SEAL]

EXHIBIT A
to Lease

DESCRIPTION OF EQUIPMENT*

Group of Equipment (a)(b)	Quantity	Manufac- turer	Description and AAR Mechanical Designation	Lessee's Identification Numbers (b)	Estimated Lessor's Cost Per Item	Beneficiary
1A or 1B, depending on date of acceptance of each Item	120	Marine Industrie Limitee	One-Hundred	SCOX 1400 - 1405	\$44,000	Northwestern National Bank of Minneapolis
			Ton 4650	SCOX 1410 - 1415		
			Cubic Feet	SCOX 1420 - 1425		
			Steel Covered	SCOX 1430 - 1435		
			Hopper Cars	SCOX 1440 - 1445		
			with Trough	SCOX 1450 - 1455		
			type hatch,	SCOX 1460 - 1465		
			Plate C	SCOX 1470 - 1475		
			(AAR-LO)	SCOX 1480 - 1485		
				SCOX 1490 - 1495		
				SCOX 1500 - 1505		
				SCOX 1510 - 1515		
				SCOX 1520 - 1525		
				SCOX 1530 - 1535		
				SCOX 1540 - 1545		
				SCOX 1550 - 1555		
				SCOX 1560 - 1565		
				SCOX 1570 - 1575		
				SCOX 1580 - 1585		
				SCOX 1590 - 1595		
2A or 2B, depending on date of acceptance of each Item	80	Marine Industrie Limitee	One-Hundred	SCOX 1406 - 1409	\$44,000	ITT Industrial Credit Company
			Ton 4650	SCOX 1416 - 1419		
			Cubic Feet	SCOX 1426 - 1429		
			Steel Covered	SCOX 1436 - 1439		
			Hopper Cars	SCOX 1446 - 1449		
			with Trough	SCOX 1456 - 1459		
			type hatch,	SCOX 1466 - 1469		
			Plate C	SCOX 1476 - 1479		
			(AAR-LO)	SCOX 1486 - 1489		
				SCOX 1496 - 1499		
				SCOX 1506 - 1509		
				SCOX 1516 - 1519		
				SCOX 1526 - 1529		
				SCOX 1536 - 1539		
				SCOX 1546 - 1549		
				SCOX 1556 - 1559		
				SCOX 1566 - 1569		
				SCOX 1576 - 1579		
				SCOX 1586 - 1589		
				SCOX 1596 - 1599		

* The term Equipment shall refer to the Equipment described above and an Item of Equipment shall refer to each unit of Equipment described above.

EXHIBIT A
to Lease

(a) The designation of a Group of Equipment is determined according to the date of acceptance of each Item of Leased Equipment as set forth in the Certificate of Acceptance for such Item as follows:

<u>Date of Acceptance</u> <u>set forth in</u> <u>Certificate of Acceptance</u>	<u>Group of Equipment</u>	
prior to 12/31/78	1A	2A
01/01/79 to 03/31/79	1B	2B

Except as otherwise expressly provided or as the context shall otherwise require, as used herein, in the Indenture, each Supplement and the Lease and in all certificates and other instruments delivered pursuant hereto and thereto, the terms Group and Group of Equipment shall refer to the subdesignations described above.

(b) It is expected that the order in which Items of Equipment shall be delivered and accepted shall correspond to the order in which Identification Numbers are assigned to such Items (i.e., the Item with Identification Number SCOX 1400 shall be the first Item delivered and accepted and the Item with Identification Number SCOX 1599 shall be the last Item delivered and accepted). In the event that Items of Equipment are not delivered and accepted in such consecutive order, 60% of the Items delivered and accepted on any day shall be designated as Group 1 Equipment and 40% of such Items shall be designated as Group 2 Equipment; provided, however, that in the event the number of Items delivered and accepted on any day is not subject to an exact 60% - 40% division, the Items shall be allocated between Group 1 and Group 2 in such a manner that enables the aggregate allocation between Groups 1 and 2 to best approximate a 60% - 40% division. The list of Identification Numbers set forth on this Exhibit A shall be automatically deemed amended in accordance with such allocation; provided, further, in the event the foregoing proviso is applicable the parties will, after delivery of all of the Items, execute, deliver and file with the Interstate Commerce Commission a revised Description of Equipment showing the Items actually owned by each Beneficiary, with footnote (b) deleted.

EXHIBIT B
to Lease

CERTIFICATE OF ACCEPTANCE NO. ____

under

EQUIPMENT LEASE dated as of November 15, 1978 (the Lease) between FIRST SECURITY BANK OF UTAH, N.A. as lessor (the Lessor), not in its individual capacity, but solely as trustee severally for each of ITT Industrial Credit Company and Northwestern National Bank of Minneapolis under a Master Trust Agreement dated as of October 1, 1976 between it and Itel Capital Services Corporation, and Scoular-Bishop Grain Company, as lessee (the Lessee).

1. Items of Equipment

The Lessee hereby certifies that the Items of Equipment set forth and described in Schedule 1 hereto (which Schedule includes the amount of the Lessor's Cost of each such Item), constituting Items of Leased Equipment of the Group of Equipment indicated below, have been delivered to Massena, New York, inspected by the Lessee, found to be in good order and accepted as Items of Leased Equipment under the Lease, all on the Date of Acceptance set forth below:

Group of Equipment:

Date of Acceptance:

2. Representations by the Lessee

The Lessee hereby represents and warrants to the Lessor, each Beneficiary, the Trustee, and each Lender, as such terms are defined in the Lease and the Participation Agreement, that on the Date of Acceptance set forth above:

(1) The representations and warranties of the Lessee set forth in the Participation Agreement are true and correct in all material respects as though made on and as of such Date of Acceptance.

EXHIBIT B
to Lease

(2) The Lessee has satisfied or complied with all requirements set forth in the Participation Agreement, in any certificate of the Lessee and in the Lease to be satisfied or complied with on or prior to such Date of Acceptance.

(3) No Default or Event of Default under the Lease has occurred and is continuing on such Date of Acceptance.

SCOULAR-BISHOP GRAIN COMPANY,
as Lessee

By _____

Accepted on the Date of Acceptance
set forth in paragraph 1 above on
behalf of the Lessor: FIRST SECURITY
BANK OF UTAH, N.A. not in its individual
capacity, but solely as trustee severally
for each of ITT Industrial Credit Company
and Northwestern National Bank of
Minneapolis under a Master Trust Agreement
dated as of October 1, 1976 between it
and Itel Capital Services Corporation,
as Lessor

Scoular-Bishop Grain Company,
as Authorized Representative

By _____

EXHIBIT B
to Lease

SCHEDULE 1 TO
CERTIFICATE OF ACCEPTANCE NO. ____

Description of Equipment and Lessor's Cost:

<u>Quantity</u>	<u>Manufacturer</u>	<u>Description</u>	<u>Identification or Serial Number</u>	<u>New</u>	<u>Lessor's Cost</u>	<u>Beneficiary</u>
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Total \$ _____

EXHIBIT C-1
to Lease

Groups of Equipment 1A and 1B
(20-year Basic Lease Term)

<u>Date of Lease:</u>	as of November 15, 1978																																				
<u>Beneficiary:</u>	Northwestern National Bank of Minneapolis																																				
<u>Rent Commencement Date:</u>	The Closing Date with respect to each Item of Equipment.																																				
<u>Late Payment Rate or Overdue Rate:</u>	A rate per annum equal to 12-1/4% but in no event at a rate per annum greater than that permitted by applicable law																																				
<u>Basic Rent Dates:</u>	With respect to Group 1A Equipment, April 15, July 15, October 15 and January 15; with respect to Group 1B Equipment, May 15, August 15, Novem- ber 15 and February 15.																																				
	<table><thead><tr><th></th><th colspan="2"><u>Groups of Equipment</u></th></tr><tr><th></th><th><u>Group 1A</u></th><th><u>Group 1B</u></th></tr></thead><tbody><tr><td><u>First Delivery Date:</u></td><td>11/21/78*</td><td>01/01/79*</td></tr><tr><td><u>Final Delivery Date:</u></td><td>12/31/78</td><td>01/31/79</td></tr><tr><td><u>Interim Rent Date:</u></td><td>01/15/79</td><td>02/15/79</td></tr><tr><td><u>First Basic Rent Date:</u></td><td>04/15/79</td><td>05/15/79</td></tr><tr><td><u>Last Basic Rent Date:</u></td><td>01/15/99</td><td>02/15/99</td></tr><tr><td><u>Expiration Date:</u></td><td>01/15/99</td><td>02/15/99</td></tr><tr><td><u>First Termination Date:</u></td><td>01/15/89</td><td>02/15/89</td></tr><tr><td><u>Basic Lease Rate Factor:</u></td><td></td><td></td></tr><tr><td> for payments 1-40:</td><td>1.9632%**</td><td>2.0810%**</td></tr><tr><td> for payments 41-80:</td><td>2.3994%**</td><td>2.5434%**</td></tr></tbody></table>		<u>Groups of Equipment</u>			<u>Group 1A</u>	<u>Group 1B</u>	<u>First Delivery Date:</u>	11/21/78*	01/01/79*	<u>Final Delivery Date:</u>	12/31/78	01/31/79	<u>Interim Rent Date:</u>	01/15/79	02/15/79	<u>First Basic Rent Date:</u>	04/15/79	05/15/79	<u>Last Basic Rent Date:</u>	01/15/99	02/15/99	<u>Expiration Date:</u>	01/15/99	02/15/99	<u>First Termination Date:</u>	01/15/89	02/15/89	<u>Basic Lease Rate Factor:</u>			for payments 1-40:	1.9632%**	2.0810%**	for payments 41-80:	2.3994%**	2.5434%**
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*Or the Document Closing Date (as defined in the Participation Agreement)
whichever is later.

EXHIBIT C-1
to Lease

Daily Lease Rate Factor:

1/360th of 120% of the prime interest rate of Bank of America, National Trust & Savings Association (being the best per annum rate of interest charged by such Bank to its prime large commercial customers on short-term unsecured borrowings) in effect on the Rent Commencement Date with respect to an Item of Leased Equipment and as adjusted from time to time thereafter to reflect all changes in such prime interest rate effective on the next business day following each change in such prime interest rate.

** The parties acknowledge that legislation may be enacted which would repeal customs duties now payable on the import into the United States of covered hopper cars from Canada and that such repeal may be made retroactive to the payment of customs duties with respect to the Leased Equipment. In the event such legislation is enacted, made retroactive to the Leased Equipment, and a refund is paid to the Lessor, then:

(a) the refund shall be placed in an escrow account (the Escrow Account) with the Trustee (as defined in the Participation Agreement);

(b) investment credit and depreciation recapture, if any, payable as a result of such refund shall be paid by the Trustee out of the Escrow Account;

(c) the funds in the Escrow Account shall be invested in treasury bills or other similar governmental securities;

EXHIBIT C-1
to Lease

Equipment Marking:

FIRST SECURITY BANK OF UTAH, N.A.
as trustee: Lessor and Owner; UNITED
STATES TRUST COMPANY OF NEW YORK, as
trustee: Secured Party and Lien-
holder

Period of Storage:

Three Months

Investment Credit Percentage:

10%

Depreciable Life:

A 12 year depreciable life pursuant
to section 167(m) of the Code for an
asset described in Asset Guideline
Class No. 00.25.

(d) an amount equal all income taxes of Lessor on the interest
earned on the funds in the Escrow Account shall be distributed to Lessor
out of the Escrow Account;

(e) the fees of Trustee with respect to the Escrow Account shall be
distributed to the Trustee out of the Escrow Account.

(f) the remainder of such funds shall be applied against a portion
of each payment of principal and interest on the obligations of the
Lessor issued in connection with this Lease. Such application shall be
made in such a way that each payment of principal and interest on such
obligations out of the Escrow Account shall be substantially the same and
that the Escrow Account is exhausted on the date of the last payment of
principal and interest;

(g) the Basic Rent payable by Lessee hereunder shall be reduced
on each Basic Rent Date by an amount equal to the amount applied against
principal and interest on such obligations out of the Escrow Account.

EXHIBIT C-1
to Lease

Depreciation Method:

Double-declining balance method switching to the sum-of-the-years digits method when most beneficial to the Beneficiary and without the prior consent of the Commissioner of Internal Revenue utilizing the "half-year" convention pursuant to Reg. section 1.167(a)-11(c)(2) and taking into account the Net Salvage Value of the Leased Equipment. An amount equal to 10% of the Lessor's Cost of the Leased Equipment, which amount will be reduced by 10% of the Lessor's Cost as provided in section 167(m) of the Code.

Net Salvage Value:

EXHIBIT C-2
to Lease

Groups of Equipment 2A and 2B
(20-year Basic Lease Term)

<u>Date of Lease:</u>	as of November 15, 1978																																				
<u>Beneficiary:</u>	ITT Industrial Credit Company																																				
<u>Rent Commencement Date:</u>	The Closing Date with respect to each Item of Equipment.																																				
<u>Late Payment Rate or Overdue Rate:</u>	A rate per annum equal to 12-1/4% as such term is defined in the Participation Agreement, but in no event at a rate per annum greater than that permitted by applicable law																																				
<u>Basic Rent Dates:</u>	With respect to Group 2A Equipment, April 15, July 15, October 15 and January 15; with respect to Group 2B Equipment, May 15, August 15, November 15 and February 15.																																				
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*Or the Document Closing Date (as defined in the Participation Agreement) whichever is later.

Daily Lease Rate Factor:

1/360th of 120% of the prime interest
rate of Bank of America, National
Trust & Savings Association (being

** The parties acknowledge that legislation may be enacted which would repeal customs duties now payable on the import into the United States of covered hopper cars from Canada and that such repeal may be made retroactive to the payment of customs duties with respect to the Leased Equipment. In the event such legislation is enacted and made retroactive to the Leased Equipment, and a refund is paid to the Lessor, then:

(a) the refund shall be placed in an escrow account (the Escrow Account) with the Trustee (as defined in the Participation Agreement);

(b) investment credit and depreciation recapture, if any, payable as a result of such refund shall be paid by the Trustee out of the Escrow Account;

(c) the funds in the Escrow Account shall be invested in treasury bills or other similar governmental securities;

(d) all income taxes of Lessor on the interest earned on the funds in the Escrow Account shall be distributed to Lessor out of the Escrow Account;

(e) the fees of Trustee with respect to the Escrow Account shall be distributed to the Trustee out of the Escrow Account.

(f) the remainder of such funds shall be applied against a portion of each payment of principal and interest on the obligations of the Lessor issued in connection with this Lease. Such application shall be made in such a way that each payment of principal and interest on such obligations out of the Escrow Account shall be substantially the same and that the Escrow Account is exhausted on the date of the last payment of principal and interest;

(g) the Basic Rent payable by Lessee hereunder shall be reduced on each Basic Rent Date by an amount equal to the amount applied against principal and interest on such obligations out of the Escrow Account.

EXHIBIT C-2
to Lease

the best per annum rate of interest charged by such Bank to its prime large commercial customers on short-term unsecured borrowings) in effect on the Rent Commencement Date with respect to an Item of Leased Equipment and as adjusted from time to time thereafter to reflect all changes in such prime interest rate effective on the next business day following each change in such prime interest rate.

Equipment Marking:

FIRST SECURITY BANK OF UTAH, N.A. as trustee: Lessor and Owner; UNITED STATES TRUST COMPANY OF NEW YORK, as trustee: Secured Party and Lienholder

Period of Storage:

Three Months

Investment Credit Percentage:

10%

Depreciable Life:

A 12 year depreciable life pursuant to section 167(m) of the Code for an asset described in Asset Guideline Class No. 00.25.

Depreciation Method:

Double-declining balance method switching to the sum-of-the-years digits method when most beneficial to the Beneficiary and without the prior consent of the Commissioner of Internal Revenue utilizing the "half-year" convention pursuant to Reg. section 1.167(a)-11(c)(2) and taking into account the Net Salvage Value of the Leased Equipment.

Net Salvage Value:

An amount equal to 10% of the Lessor's Cost of the Leased Equipment, which amount will be reduced by 10% of the Lessor's Cost as provided in section 167(m) of the Code.

EXHIBIT D
to Lease

Group of Equipment 1A

The Casualty Value and Termination Value of each Item of Leased Equipment shall be the percentage of Lessor's Cost of such Item set forth opposite the applicable rent payment:

<u>Interim Rent Date and Basic Rent Payment Number</u>		<u>Casualty Value (a) (b)</u>	<u>Termination Value (a) (b)</u>
1979			
Interim Rent Date	0	87.6673%	%
	1	89.2865	
	2	90.3551	
	3	91.0354	
1980			
	4	91.5551	
	5	92.0272	
	6	92.5685	
	7	93.1520	
1981			
	8	93.6606	
	9	94.1306	
	10	94.5365	
	11	94.8931	
1982			
	12	95.1822	
	13	95.4330	
	14	95.6177	
	15	95.7512	
1983			
	16	95.8203	
	17	95.8516	
	18	95.8234	
	19	95.7476	
1984			
	20	95.6110	
	21	95.4376	
	22	95.2117	
	23	94.9424	
1985			
	24	94.6166	
	25	94.2552	
	26	93.8491	
	27	93.4044	
1986			
	28	92.9079	
	29	92.3777	
	30	91.8112	
	31	91.2193	

EXHIBIT D
to Lease

Group of Equipment 1A

<u>Basic Rent Payment Number</u>	<u>Casualty Value</u>		<u>Termination Value</u>	
	(a)	(b)	(a)	(b)
1987				
32	90.6072%			
33	89.9795			
34	89.3357			
35	88.6754			
1988				
36	87.9982			
37	87.3036			
38	86.5913			
39	85.8607			
1989				
40	85.1114		88.6078%	
41	83.9067		89.2046	
42	82.6823		86.0844	
43	81.4378		84.7908	
1990				
44	80.1725		83.4753	
45	78.8887		81.6274	
46	77.5859		80.2717	
47	76.2636		78.8951	
1991				
48	74.9212		76.9846	
49	73.5614		75.5676	
50	72.1835		74.1311	
51	70.7871		72.6746	
1992				
52	69.3717		70.6851	
53	67.9380		69.1881	
54	66.4853		67.6705	
55	65.0132		66.1318	
1993				
56	63.5211		64.0591	
57	62.0098		62.4776	
58	60.4786		60.8746	
59	58.9270		59.1001	
1994				
60	57.3545		57.2887	
61	55.7617		55.4183	
62	54.1480		53.7251	
63	52.5130		52.0084	

EXHIBIT D
to Lease

Group of Equipment 1A

<u>Basic Rent Payment Number</u>	<u>Casualty Value</u>		<u>Termination Value</u>	
	(a)	(b)	(a)	(b)
1995				
64	50.8561%		49.7552%	
65	49.1778		47.9911	
66	47.4777		46.2028	
67	45.7551		44.3898	
1996				
68	44.0096		42.0391	
69	42.2417		40.1760	
70	40.4509		38.2876	
71	38.6365		36.3731	
1997				
72	36.7980		33.9194	
73	34.9186		31.9346	
74	33.0182		29.9232	
75	31.1127		27.8977	
1998				
76	29.1987		25.3453	
77	27.2673		23.2798	
78	25.3587		21.2217	
79	23.4543		19.1557	
1999				
80	20.0000		0.0000	
and thereafter				

EXHIBIT D
to Lease

(a) Casualty Values and Termination Values are expressed as percentages of Lessor's Cost. Such percentages have been computed without regard to recapture of Investment Credit. Consequently, such percentages applicable on the Interim Rent Date or any Basic Rent Date where Casualty Values or Termination Values shall be payable with respect to an Event of Loss occurring before the third, fifth or seventh anniversary of the date of acceptance set forth in the Certificate of Acceptance for such Item shall be increased by the percentage of Lessor's Cost set forth below, and for purposes of this Lease, Casualty Values and Termination Values payable on such dates shall be determined on the basis of the sum of such percentages:

<u>Date of Event of Loss</u>	<u>Percentage of Lessor's Cost To be Added to the Foregoing Percentage</u>
prior to January 1, 1979	20.7211%
on or after January 1, 1979 but prior to third anniversary of date of acceptance	19.9920%
on or after third anniversary but prior to fifth anniversary	13.3347%
prior to seventh anniversary	6.6573%

(b) In the event the Basic Lease Rate Factor is increased pursuant to the tax indemnification provisions set forth in Section 13 of the Lease, Casualty Values and Termination Values shall be adjusted accordingly.

EXHIBIT D
to Lease

Group of Equipment 1B

The Casualty Value and Termination Value of each Item of Leased Equipment shall be the percentage of Lessor's Cost of such Item set forth opposite the applicable rent payment:

<u>Interim Rent Date and Basic Rent Payment Number</u>		<u>Casualty Value</u> <u>(a) (b)</u>	<u>Termination Value</u> <u>(a) (b)</u>
Interim Rent Date	1979		
	0	87.9569%	%
	1	89.3685	
	2	90.8138	
	3	92.2937	
	1980		
	4	93.8090	
	5	95.0867	
	6	95.8449	
	7	96.3451	
	1981		
	8	96.6919	
	9	97.0674	
	10	97.4942	
	11	97.8976	
	1982		
	12	98.2242	
	13	98.5222	
	14	98.7554	
	15	98.9292	
	1983		
	16	99.0335	
	17	99.1052	
	18	99.1087	
	19	99.0529	
	1984		
	20	98.9305	
	21	98.7756	
	22	98.5588	
	23	98.2859	
	1985		
	24	97.9497	
	25	97.5817	
	26	97.1585	
	27	96.6828	
	1986		
	28	96.1734	
	29	95.6481	
	30	95.1093	
	31	94.5567	

EXHIBIT D
to Lease

Group of Equipment 1B

<u>Basic Rent Payment Number</u>	<u>Casualty Value</u>		<u>Termination Value</u>	
	(a)	(b)	(a)	(b)
1987				
32	93.9900%			
33	93.4088			
34	92.8126			
35	92.2012			
1988				
36	91.5742			
37	90.9311			
38	90.2715			
39	89.5950			
1989				
40	88.9012		92.2244%	
41	87.7272		91.0039	
42	86.5350		89.7639	
43	85.3242		88.5040	
1990				
44	84.0941		86.7112	
45	82.8326		85.3981	
46	81.5387		84.0513	
47	80.2116		82.6700	
1991				
48	78.8506		80.7408	
49	77.4547		79.2878	
50	76.0231		77.7976	
51	74.5548		76.2692	
1992				
52	73.0489		74.1891	
53	71.5233		72.6003	
54	69.9776		70.9897	
55	68.4113		69.3568	
1993				
56	66.8237		67.1885	
57	65.2156		65.5103	
58	63.5863		63.8092	
59	61.9354		62.0845	
1994				
60	60.2622		59.8232	
61	58.5673		58.0508	
62	56.8503		56.2542	
63	55.1105		54.4328	

EXHIBIT D
to Lease

Group of Equipment 1B

<u>Basic Rent Payment Number</u>	<u>Casualty Value</u>		<u>Termination Value</u>	
	(a)	(b)	(a)	(b)
1995				
64	53.3474	%	52.0734	%
65	51.5616		50.2017	
66	49.7525		46.2544	
67	47.9195		46.3810	
1996				
68	46.0620		43.9183	
69	44.1806		41.9418	
70	42.2749		39.9384	
71	40.3441		37.9075	
1997				
72	38.3875		35.3358	
73	36.3874		33.2303	
74	34.3589		31.0937	
75	32.3121		28.9359	
1998				
76	30.2538		26.2590	
77	28.1781		24.0699	
78	26.1216		21.8909	
79	24.0631		19.7053	
1999				
80	20.0000		0.0000	

and thereafter

EXHIBIT D
to Lease

(a) Casualty Values and Termination Values are expressed as percentages of Lessor's Cost. Such percentages have been computed without regard to recapture of Investment Credit. Consequently, such percentages applicable on the Interim Rent Date or any Basic Rent Date where Casualty Values or Termination Values shall be payable with respect to an Event of Loss occurring before the third, fifth or seventh anniversary of the date of acceptance set forth in the Certificate of Acceptance for such Item shall be increased by the percentage of Lessor's Cost set forth below, and for purposes of this Lease, Casualty Values and Termination Values payable on such dates shall be determined on the basis of the sum of such percentages:

<u>Date of Event of Loss</u>	<u>Percentage of Lessor's Cost To be Added to the Foregoing Percentage</u>
prior to January 1, 1979	20.7211%
on or after January 1, 1979 but prior to third anniversary of date of acceptance	19.9920%
on or after third anniversary but prior to fifth anniversary	13.334%
prior to seventh anniversary	6.6573%

(b) In the event the Basic Lease Rate Factor is increased pursuant to the tax indemnification provisions set forth in Section 15 of the Lease, Casualty Values and Termination Values shall be adjusted accordingly.

EXHIBIT D
to Lease

Group of Equipment 2A

The Casualty Value and Termination Value of each Item of Leased Equipment shall be the percentage of Lessor's Cost of such Item set forth opposite the applicable rent payment:

<u>Interim Rent Date and Basic Rent Payment Number</u>		<u>Casualty Value (a) (b)</u>	<u>Termination Value (a) (b)</u>
1979			
Interim Rent Date	0	88.0385%	%
	1	88.9188	
	2	89.7180	
	3	90.4591	
1980			
	4	91.1409	
	5	91.7871	
	6	92.3599	
	7	92.8793	
1981			
	8	93.3441	
	9	93.7748	
	10	94.1370	
	11	94.4485	
1982			
	12	94.7081	
	13	94.9338	
	14	95.0965	
	15	95.2113	
1983			
	16	95.2772	
	17	95.3097	
	18	95.2850	
	19	95.2157	
1984			
	20	95.1009	
	21	94.9536	
	22	94.7552	
	23	94.5161	
1985			
	24	94.2352	
	25	93.9231	
	26	93.5666	
	27	93.1735	
1986			
	28	92.7429	
	29	92.2829	
	30	91.7857	
	31	91.2586	

EXHIBIT D
to Lease

Group of Equipment 2A

<u>Basic Rent Payment Number</u>	<u>Casualty Value</u> <u>(a) (b)</u>	<u>Termination Value</u> <u>(a) (b)</u>
1987		
32	90.6949%	
33	90.1060	
34	89.4877	
35	88.8428	
1988		
36	88.1714	
37	87.4768	
38	86.7645	
39	86.0339	
1989		
40	85.2846	88.6078%
41	84.0799	89.2049
42	82.8555	86.0844
43	81.6109	84.7908
1990		
44	80.3457	83.4753
45	79.0619	81.6274
46	77.7590	80.2717
47	76.4367	78.8951
1991		
48	75.0944	76.9846
49	73.7345	75.5676
50	72.3566	74.1311
51	70.9603	72.6746
1992		
52	69.5449	70.6851
53	68.1111	69.1881
54	66.6584	67.6705
55	65.1863	66.1318
1993		
56	63.6943	64.0591
57	62.1830	62.4776
58	60.8517	60.8746
59	59.1001	59.1001
1994		
60	57.5277	57.2887
61	55.9349	55.4183
62	54.3212	53.7251
63	52.6862	52.0084

EXHIBIT D
to Lease

Group of Equipment 2A

<u>Basic Rent Payment Number</u>	<u>Casualty Value</u> <u>(a) (b)</u>	<u>Termination Value</u> <u>(a) (b)</u>
1995		
64	51.0292%	49.7552%
65	49.3510	47.9911
66	47.6509	46.2028
67	45.9283	44.3898
1996		
68	44.1828	42.0391
69	42.4149	40.1760
70	40.6240	38.2816
71	38.8097	36.3731
1997		
72	40.6240	33.9194
73	35.0918	31.9346
74	33.1884	29.9232
75	31.2738	27.8977
1998		
76	29.3476	25.3453
77	27.3989	23.2798
78	25.4605	21.2217
79	23.5172	19.1557
1999		
80	20.0000	0.0000

and thereafter

EXHIBIT D
to Lease

(a) Casualty Values and Termination Values are expressed as percentages of Lessor's Cost. Such percentages have been computed without regard to recapture of Investment Credit. Consequently, such percentages applicable on the Interim Rent Date or any Basic Rent Date where Casualty Values or Termination Values shall be payable with respect to an Event of Loss occurring before the third, fifth or seventh anniversary of the date of acceptance set forth in the Certificate of Acceptance for such Item shall be increased by the percentage of Lessor's Cost set forth below, and for purposes of this Lease, Casualty Values and Termination Values payable on such dates shall be determined on the basis of the sum of such percentages:

<u>Date of Event of Loss</u>	<u>Percentage of Lessor's Cost To be Added to the Foregoing Percentage</u>
prior to January 1, 1979	20.7211%
on or after January 1, 1979 but prior to third anniversary of date of acceptance	19.9920%
on or after third anniversary but prior to fifth anniversary	13.3347%
prior to seventh anniversary	6.6573%

(b) In the event the Basic Lease Rate Factor is increased pursuant to the tax indemnification provisions set forth in Section 13 of the Lease, Casualty Values and Termination Values shall be adjusted accordingly.

EXHIBIT D
to Lease

Group of Equipment 2B

The Casualty Value and Termination Value of each Item of Leased Equipment shall be the percentage of Lessor's Cost of such Item set forth opposite the applicable rent payment:

<u>Interim Rent Date and Basic Rent Payment Number</u>		<u>Casualty Value</u> <u>(a) (b)</u>	<u>Termination Value</u> <u>(a) (b)</u>
1979			
Interim Rent Date	0	88.6727%	%
	1	89.9804	
	2	91.1074	
	3	92.1023	
1980			
	4	92.9620	
	5	93.7620	
	6	94.4739	
	7	95.1223	
1981			
	8	95.7056	
	9	96.2530	
	10	96.7223	
	11	97.1342	
1982			
	12	97.4873	
	13	97.8057	
	14	98.0507	
	15	98.2409	
1983			
	16	98.3748	
	17	98.4739	
	18	98.5050	
	19	98.4839	
1984			
	20	98.4095	
	21	98.3004	
	22	98.1290	
	23	97.9087	
1985			
	24	97.6381	
	25	97.3335	
	26	96.9728	
	27	96.5667	
1986			
	28	96.1190	
	29	95.6283	
	30	95.0968	
	31	94.5442	

EXHIBIT D
to Lease

Group of Equipment 2B

<u>Basic Rent Payment Number</u>	<u>Casualty Value</u> <u>(a) (b)</u>	<u>Termination Value</u> <u>(a) (b)</u>
1987		
32	93.9775%	
33	93.3963	
34	92.8001	
35	92.1888	
1988		
36	91.5617	
37	90.9186	
38	90.2590	
39	89.5825	
1989		
40	88.8887	92.2244%
41	87.7147	91.0039
42	86.5226	89.7639
43	85.3117	88.5040
1990		
44	84.0816	86.7112
45	82.8201	85.3981
46	81.5262	84.0513
47	80.1991	82.6700
1991		
48	78.8381	80.7408
49	77.4422	79.2878
50	76.0106	77.7976
51	74.5423	76.2692
1992		
52	73.0364	74.1891
53	71.5108	72.6003
54	69.9651	70.9897
55	68.3988	69.3568
1993		
56	66.8112	67.1885
57	65.2031	65.5103
58	63.5738	63.8092
59	61.9229	62.0845
1994		
60	60.2497	59.8232
61	58.5548	58.0508
62	56.8378	56.2542
63	55.0981	54.4328

**EXHIBIT D
to Lease**

Group of Equipment 2B

<u>Basic Rent Payment Number</u>	<u>Casualty Value (a) (b)</u>	<u>Termination Value (a) (b)</u>
1995		
64	53.3349%	52.0734%
65	51.5491	50.2017
66	49.7400	46.2544
67	47.9070	46.3810
1996		
68	46.0495	43.9183
69	44.1681	41.9418
70	42.2624	39.9384
71	40.3316	37.9075
1997		
72	38.3750	35.3358
73	36.3749	33.2303
74	34.3512	31.0937
75	32.3118	28.9359
1998		
76	30.2613	26.2590
77	28.1889	24.0699
78	26.1297	21.8909
79	24.0668	19.7053
1999		
80	20.0000	0.0000

and thereafter

EXHIBIT D
to Lease

(a) Casualty Values and Termination Values are expressed as percentages of Lessor's Cost. Such percentages have been computed without regard to recapture of Investment Credit. Consequently, such percentages applicable on the Interim Rent Date or any Basic Rent Date where Casualty Values or Termination Values shall be payable with respect to an Event of Loss occurring before the third, fifth or seventh anniversary of the date of acceptance set forth in the Certificate of Acceptance for such Item shall be increased by the percentage of Lessor's Cost set forth below, and for purposes of this Lease, Casualty Values and Termination Values payable on such dates shall be determined on the basis of the sum of such percentages:

<u>Date of Event of Loss</u>	<u>Percentage of Lessor's Cost To be Added to the Foregoing Percentage</u>
prior to January 1, 1979	20.7211%
on or after January 1, 1979 but prior to third anniversary of date of acceptance	19.9920%
on or after third anniversary but prior to fifth anniversary	13.3347%
prior to seventh anniversary	6.6573%

(b) In the event the Basic Lease Rate Factor is increased pursuant to the tax indemnification provisions set forth in Section 15 of the Lease, Casualty Values and Termination Values shall be adjusted accordingly.

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